



# OLR RESEARCH REPORT

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## **PROPERTY TAX EXEMPTION FOR PROPERTY LEASED TO COLLEGES AND HOSPITAL**

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You asked if the law allows municipalities to grant a partial property tax exemption to otherwise taxable property leased to a college or hospital. The answer to this question requires a legal opinion, which the Office of Legislative Research is not authorized to give. For this reason, you should not consider this report as one.

The law appears to authorize only a full property tax exemption to otherwise taxable property an owner leases to federally tax-exempt charitable, religious, or nonprofit organizations, including colleges and hospitals. We based our conclusion on how the statute authorizing this and many other specific property tax exemptions is constructed.

The statute, [CGS § 12-81](#), is divided into 77 subsections, each authorizing an exemption for different types of property (e.g., churches and hospitals), property owners (e.g., veterans and seniors), or activities related to a property (i.e., constructing or expanding a factory in a state-approved enterprise zone). The subsections follow the statement, "The following-described property is exempt from taxation." If the provisions authorizing the subsequent 18 exemptions are read in conjunction with this statement, it appears that the subject property is fully exempted from taxation, which is also the practice. Subsections 19-26, which authorize exemptions for veterans and their families, specify an exempted amount or range.

The subsequent subsections of [CGS § 12-81](#) include provisions that implicitly authorize a full exemption or explicitly authorize a partial one by specifying an exempted amount, range, or percentage. Subsection (58) authorizes the exemption for “any real or personal property leased to a charitable, religious or nonprofit organization, exempt from taxation for federal income tax purposes, provided such property is used exclusively for the purposes of such charitable, religious, or nonprofit organization and not otherwise exempt under this section” (i.e., [CGS § 12-81](#)). Because this subsection puts no limit on the exempted amount, it appears to authorize a full exemption. A college or hospital that leases real or personal property qualifies for this exemption if the institution is exempted from paying federal taxes and the municipality has adopted an ordinance granting the exemption.

Other statutes allow municipalities to abate property taxes or fix property tax assessments and specify the amount or time period, respectively. For example, [CGS § 12-81t](#) allows them to abate up to 100% of the taxes due for information technology personal property. [CGS § 12-65b](#) allows municipalities to fix the assessment for a wide range of real estate development projects and bases the period for fixing the assessment on the value of the improvements.

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